



State of Wisconsin  
Jim Doyle, Governor

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**Department of Agriculture, Trade and Consumer Protection**  
Rod Nilsestuen, Secretary

DATE: February 24, 2010

TO: Representative Amy Sue Vruwink, Chair,  
Assembly Committee on Agriculture

FROM: Randy Romanski, Deputy Secretary  
Department of Agriculture, Trade and Consumer Protection

SUBJECT: Testimony on AB 757— Creating a Food Processing Plant and Food Warehouse  
Investment Tax Credit

Thank you for the opportunity to testify in support of AB 757. The Department would like to thank Chairperson Vruwink and the bi-partisan list of co-sponsors for introducing this bill to provide investment opportunities for Wisconsin's food processing and distribution industry.

Governor Doyle called for the creation of this investment opportunity in our state's food processing industry as part of his State of the State Address. AB 757 will allow food processing companies and distributors to modernize and expand their operations in the state by providing a refundable food processing and distribution tax credit equal to 10% of modernization or expansion costs. AB 757 includes a maximum of \$200,000 per facility with total claims paid on a pro rata basis up to \$600,000 in the first year of implementation and \$700,000 in year two and thereafter.

The tax credit will help food processing companies modernize and expand their operations, cut costs, invest in new technology, save energy and create jobs. Applying the credit to distribution facilities will also provide opportunities for those businesses to improve and modernize their distribution processes. The bill provides the opportunity to enhance buy local needs for investments in facilities to process and distribute food to major local buyers such as schools, hospitals and restaurants.

Agriculture is a \$59 billion industry in Wisconsin, and our state is home to a strong, vibrant food processing industry. There are over 2,000 food processing facilities and warehouses in Wisconsin, with everything from local to national to internationally known companies calling the state home.

Much of the strength of the processing industry can be traced to Wisconsin's farmers who provide a safe, steady supply of food. According to the Status of Wisconsin Agriculture Report for 2010, "Wisconsin, Minnesota and Illinois remain the nation's largest concentrated production of canned and frozen vegetables." The report also indicated that Wisconsin currently ranks second nationally in production of vegetables (excluding tomatoes) for processing. Despite the global economic challenges, contract prices for processed vegetables remain strong. Wisconsin is a leader in several commodities:

*Agriculture generates \$59 billion for Wisconsin*

- Cranberries (First), accounting for nearly 60% of the nation's crop
- Snap beans for processing (First), accounting for 40.5% of the US crop
- Carrots for processing (Second), making up 19.1% of the US total
- Sweet corn for processing (Second), accounting for 23% of the US total
- Green peas for processing (Third), making up 18.5% of the US crop
- Potatoes (Third), accounting for more than \$293 million

AB 757 mirrors similar investment tax credits the Governor and Legislature have already put in place for dairy and livestock farms, dairy manufacturing facilities, dairy cooperative members and meat processing plants to modernize and expand their operations. The tax credits that have been in place for a while, including the Dairy and Livestock Tax Credits and Dairy Manufacturing Tax Credits have already stimulated significant investment in their respective sectors and created jobs. The more recently adopted tax credits for dairy cooperative investment and meat modernization hold similar potential for stimulating investment. AB 757 creates an opportunity for another of our state's signature industries to modernize their operations and create jobs.



# **JULIE LASSA**

## **STATE SENATOR**

### **PUBLIC HEARING ON ASSEMBLY BILL 757**

Assembly Committee on Agriculture

Wednesday, February 24, 2010

9:15 a.m.

North Hearing Room

Thank you Chairwoman Vruwink and Committee Members for the opportunity to provide testimony in support of Assembly Bill 757.

Assembly Bill 757 was introduced at the request of the Department of Agriculture, Trade and Consumer Protection to create a food processing modernization tax credit, allowing Wisconsin's food processing industry to modernize and expand.

There are over 2,000 food processing facilities and warehouses in Wisconsin offering a diverse sector that includes dairy, meat, fruit and vegetable processing and other specialty food and beverage products. According to the Status of Wisconsin Agriculture Report for 2010, "Wisconsin, Minnesota and Illinois remain the nation's largest concentrated production of canned and frozen vegetables." The report also shows that Wisconsin is the nation's leading producer of cranberries and snap peas, as well as a top producer of carrots, sweet corn, green peas and potatoes.

As with tax credits for meat processors, the tax credit will help food processing companies modernize, save energy, and create jobs. Investments in facilities to process and distribute food will help major buyers such as schools, hospitals and restaurants buy local products. Applying the credit to distribution facilities would also help companies like Ocean Spray, Green and Green, and Organic Valley as well as a variety of emerging Buy Local organizations.

The proposal provides a refundable food processing and distribution tax credit equal to 10% of modernization or expansion costs for Wisconsin food processors and distributors. It includes a maximum of \$200,000 per facility with total claims paid on a pro rata basis up to \$600,000 in the first year of implementation and \$700,000 in year two and thereafter.

This bill is supported by the Midwest Food Processors Association Inc, the Wisconsin Agribusiness Council, the Wisconsin Cheese Makers Association and the Wisconsin Corn Growers Association.

Thank you again for allowing me to provide testimony on AB 746. Please feel free to contact me if you have any questions.

